

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice PF-134

For: State and County Offices

Reminder for Issuing FY 2000 Final PFC Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Pub. L. 104-127, the Federal Agriculture Improvement and Reform Act of 1996 (1996 Act), provides that, "An annual contract payment shall be made not later than September 30 of each of fiscal years 1996 through 2002".

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (2000 Act), modified the 1996 Act for FY 2000 through 2002 by allowing producers to:

- receive PFC payments as either of the following:
 - two 50 percent payments
 - one 100 percent payment
- specify the month and year they want to receive PFC payments.

County Release No. 417, released to County Offices on October 1, 1999, contained software modifications to the 2000 PFC payment software that incorporated the requirements of the 2000 Act.

To date, approximately \$4 billion, or 80.7 percent, of the FY 2000 funding allocation has been issued to eligible PFC producers.

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Disposal Date	Distribution
October 1, 2000	State Offices; State Offices FAX to County Offices
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1 Overview (Continued)

B

Purpose

Various software changes and management tools are available to:

- reduce County and State Office workload
- provide more timely payments to farmers.

It is apparent from the 1999 overpayment registers that are being reviewed and the decrease in requests for authorization codes, that these tools are being used by many County Offices. These County Offices are applauded for the prompt service they are providing.

County Offices that have not used the tools available and have not processed payments as instructed, continue to create more unnecessary workload for themselves, as well as staff at all levels of the Agency. State Offices and DD's are encouraged to review this notice with County Offices that continue to have problems processing payments.

This notice:

- reminds County Offices:
 - of the requirements for issuing FY 2000 final PFC payments
 - of processes that must be completed to ensure PFC payments are processed accurately and timely
 - that the regular PFC payment process will be disabled on October 1, 2000
 - advises State and County Offices of:
 - how the FY 2000 PFC payment software will function after August 1, 2000
 - actions that **shall be taken** to ensure that all payments are processed before the September 30, 2000, statutory deadline.
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2 2000 PFC Payment Processing

A

Introduction

The 2000 Act provided producers with the option to receive FY 2000 PFC final payments in increments of the following:

- two 50 percent payments
- one 100 percent payment.

However, the 2000 Act did not provide FSA with the authority or discretion to issue FY 2000 PFC payments after September 30, 2000. Therefore, because of the mandates of the 1996 Act, the regular payment process will be disabled on October 1, 2000.

Even though the regular payment process will be disabled on October 1, 2000, workload that traditionally delayed PFC payment processing should not be a factor in FY 2000, since the PFC payment software has been enabled throughout the FY which:

- allowed producers to receive PFC payments at such time that the producer specified during the FY
 - distributed workload over the FY instead of placing a heavy burden on County Offices at the end of the FY.
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2000 Final Payment Processing

Since the provisions of the 2000 Act apply to FY 2000 through 2002, software modifications were made to the FY 2000 PFC worksheet to allow users to:

- record the month and year that the producer has selected to receive a PFC payment by farm
 - specify whether the producer chose to receive two 50 percent payments or one 100 percent payment.
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2 2000 PFC Payment Processing (Continued)

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**2000 Final
Payment
Processing
(Continued)**

The PFC regular payment process was modified accordingly to read the producer payment selection file to determine:

- whether the producer has elected to receive a PFC payment
- which payment option has been selected if the producer has notified the County Office of a preferred payment option
- the percentage of the payment that should be issued.

Note: For FY 2000 and future years, the PFC payment process no longer reads the “Payment Indicator” field in the worksheet share process to determine whether a payment should be issued.

The PFC payment process is designed to default to a “final” payment mode after August 1, 2000. As a result, the regular payment process will not read the producer payment selection file after August 1, 2000, except for those producers who have:

- refused PFC payments on a particular farm
- been flagged as being ineligible because of a violation that resulted in contract termination on another farm.

After August 1, 2000, the system will automatically issue 100 percent of the annual PFC payment, minus payments already issued, for **all** producers on approved AMTA contracts.

Note: After August 1, 2000, County Offices are not required to record either of the following in the producer payment selection file:

- the month the producer wishes to receive the payment
- the payment percentage.

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2 2000 PFC Payment Processing (Continued)

C

County Office Action

To meet the deadlines established for final payments, County Offices shall begin processing **all** 2000 final PFC payments on August 1, 2000. County Offices **shall not wait** until September to process 2000 final payments, even if producers specifically requested that the payment be issued in September.

Payments can be processed by any of the following:

- by farm
- by producer
- for a range of farms
- randomly, by selected farms
- for all farms.

County Offices shall:

- ensure PFC payments are issued to eligible producers during the month that the producer requested before August 1, 2000
 - issue all final payments beginning on August 1, 2000
 - review the pending payment register to identify producers whose payments have been reduced because of FAV or payment limitation
 - review the nonpayment register to identify producers whose payment was not issued and take immediate action to rectify the condition preventing the payment from being issued, if the producer is eligible for the payment.
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Special Payment Processing

Special payment processing is not being enabled for FY 2000.

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2 2000 PFC Payment Processing (Continued)

E

**Prepayment
Register**

Some State Offices have inquired as to when, or if, the PFC prepayment register will be enabled for FY 2000. At this time, it is not anticipated that the prepayment register will be implemented for FY 2000.

Since the PFC payment software has been enabled throughout the FY, County Offices shall use the nonpayment register to identify all conditions preventing producers from being paid.

Reminder: If a portion of a crop payment is reduced because of payment limitation, the reduction amount will be printed on the pending payment register. However, if the entire crop payment is not issued because of payment limitation, that payment will be listed on the nonpayment register.

3 Successions-in-Interest

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Introduction

In FY 1999, the only problem reported with the succession-in-interest software was that \$1 PFC payments were issued to some successors because of rounding differences between predecessors and successors in unique situations. The FY 2000 software has been modified to ensure that:

- \$1 PFC payments are not issued
- producers are not listed on the nonpayment register because of \$1 rounding differences.

County Release No. 429 included the software to record full and partial successions-in-interest.

Reminder: Like FY 1999, 2-CM policy provides that reconstitutions are not allowed on **any** farm for FY 2000 in which PFC payments have been issued unless those payments are entirely refunded. As a result, the manual succession-in-interest software option will not be enabled.

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County Office Action

County Offices shall:

- ensure that adequate notification has been provided to producers about the need to inform the County Office of any changes to the farming operation
- ensure that changes in farming operations reported by producers when certifying crops or at any other time, are reflected on CCC-478 before August 1, 2000
- ensure that successions-in-interest are recorded for all predecessors that received PFC payments, regardless of the percentage, whose share or interest in the contract crop has subsequently been reduced
- review the "Succession-in-Interest Transaction Report" to ensure that payment adjustment amounts are computed properly for any succession-in-interest before processing PFC payment
- if necessary, cancel the succession-in-interest and re-record it properly to ensure the producer's earned payment is calculated properly
- issue additional payments to predecessors and successors, as necessary
- compute and transfer overpayments to CRS, as necessary.

See 2-PF, Part 12 for procedure in recording successions-in-interest.

4 FAV Acre-for-Acre Payment Reductions

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Introduction

The APR software was released early in the FY to provide County Offices with the capability to record the number of contract acres planted to FAV.

B

County Office Action

County Offices shall ensure that all FAV acre-for-acre payment reductions are recorded in the system according to 4-CP before processing “final” payments.

Note: In previous years, some County Offices did not process the final payment to producers with known FAV acre-for-acre reductions. As a result, the payment reduction was not applied properly in the system and authorization codes had to be issued to satisfy the producer’s FAV reduction. County Offices shall ensure that 100 percent of the producer’s annual payment has been issued to the producer with the applicable payment reductions.

IF 100 percent of the annual PFC payment has...	AND the FAV acre-for-acre reduction...	THEN...
not been issued to the producer	has already been recorded but is not totally satisfied	the PFC regular payment process will reduce the final payment accordingly.
has already been issued to the producer	is either of the following: <ul style="list-style-type: none"> • not totally satisfied • recorded after the payments were issued 	County Offices shall: <ul style="list-style-type: none"> • compute the overpayment according to 2-PF, Part 8 • immediately transfer the overpayment to CRS and notify the producer of the debt • not wait until October 1 to transfer the overpayment to CRS.

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5 Subsidiary File Updates

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Introduction

While the number of requests for authorization codes have declined over the past several years, the largest number of the requests continue to result from subsidiary files not being updated timely, especially for multi-county producers.

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Eligibility Flags and Their Impact on PFC Payments

County Offices shall ensure that subsidiary flags are updated to reflect producer eligibility and COC determinations.

Reminder: Ineligible producers are listed on the nonpayment register with a message that indicates which flag is preventing the payment from being issued.

As a reminder, this table describes:

- the eligibility flags that are used by the PFC payment process to determine producer eligibility
- which county's flags are read for multi-county producers.

See 2-PF, paragraphs 16 and 140 for additional information.

County	Eligibility Flag	Eligible Flag Values	Ineligible Flag Values	Flags Requiring Other Determinations
Control County	Actively Engaged	Y	N, S	B, M, blank
	Person Determination	Y	N, P	blank
Home County	Controlled Substance	Y	N	
	6-CP	Y	N, blank	B
	AD-1026	Y	N, A, F	
	FCI	B, I, O, W	N, blank	
Other County Offices	Controlled Substance	Y	N	
	6-CP	Y, B	N, blank	
	FCI	B, I, O, W	N, blank	

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5 Subsidiary File Updates (Continued)

C

NRCS Technical Determinations

In FY 1999, several State Offices reported that NRCS technical determinations would not be completed by September 30 to allow producers to certify compliance on AD-1026 as required to issue the final PFC payments.

County Offices encountering this problem for FY 2000 shall immediately notify their State Office. State Offices shall notify Jan Jamrog, PECD, Compliance Branch at 202-690-0926.

D

County Office Action

Every County Office is required to promptly update subsidiary files, even if that County Office does not maintain an AMTA contract for a given producer. Failure to update the subsidiary files timely for eligible producers only harms the producer by unnecessarily delaying a PFC payment that has been earned.

Reminder: Subsidiary files should be updated to reflect the actual eligibility status and COC determinations that have been made for the producer.

County Offices shall:

- review the nonpayment register to determine whether a condition exists that is preventing an eligible producer from receiving payment
- immediately contact other County Offices if a condition in another county is preventing a payment from being issued to determine whether the producer is eligible for payment
- contact the State Office for assistance in getting the subsidiary files updated, if necessary.

Recommendation: It is recommended that a “MABDIG” be sent to the requesting County Office after updates to the subsidiary files. Many County Offices send screen prints, which are not a true indicator that the file has been updated.

6 Tools Available to Assist With PFC Payment Processing

A

Introduction

In a conference call with SED's on May 11, 2000, several State Offices expressed a need for additional tools to assist in PFC payment processing.

At this time, it is not anticipated that any additional software will be developed for this purpose, as there are already a variety of tools available to assist County Offices in identifying problematic situations. These tools are identified in this paragraph.

B

CCC-478B/ CCC-478 Status Report

The PFC nonpayment register identifies farms approved for payment with nonpayment conditions but does not identify farms that are not approved for payment. However, the CCC-478B/CCC-478 Status Report indicates the status of a contract to identify action that may need to be taken on a particular farm.

1-PF requires that the CCC-478B/CCC-478 Status Report be printed:

- before processing PFC payments
- as many times as necessary to ensure all PFC payments are issued timely.

County Offices shall generate the CCC-478B/CCC-478 Status Report for all status categories as many times as necessary to ensure that the status for each farm is recorded properly in the system. See 1-PF:

- paragraph 668 for a description of each code used on the report
- paragraph 669 to generate the report.

Recommendation: Numerous requests for authorization codes are the result of the COC payment approval date not being loaded in the system. It is recommended that County Offices specifically generate the CCC-478B/CCC-478 Status Report for "Approved CCC-478" and "Pending CCC-478B", in addition to selecting the "All" category.

C

Nonpayment Register

The primary tool available to County Offices for PFC payment processing is the nonpayment register. This register identifies all producers in the selected payment range that are not being paid because of:

- eligibility flags not being updated
 - insufficient payment limitation allocations
 - potential overpayment situations
 - a variety of other reasons.
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6 Tools Available to Assist With PFC Payment Processing (Continued)

C

**Nonpayment
Register
(Continued)**

Some State Offices are still expressing a need for the prepayment register. The prepayment register, as it was implemented in the past, is exactly the same as the nonpayment register, except the prepayment register did not list producers that would not receive a payment because an insufficient payment limitation allocation.

Since the nonpayment register includes **all** nonpayment conditions, this register is much more useful to County Offices.

Reminder: If CCC-478 is not approved for payment, the farm is not in a payment condition. This is why farms that do not have a COC payment approval date loaded in the system are not listed on the nonpayment register. County Offices shall use the CCC-478B/CCC-478 Status Report to identify these contracts.

D

**Pending
Payment
Register**

Pending payment registers list all the producers in the selected payment range that are eligible to be paid. This register also identifies all payment reductions that have been subtracted from the calculated gross payment for each crop.

County Offices shall use this register to verify and ensure that PFC payments are accurate and correct before:

- mailing the check to the producer
 - transmitting EFT to the producer's financial institution.
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E

**Payment
Limitation
Allocation Query**

Some State Offices have inquired as to whether the 1998 query that was used to identify multi-county producers with insufficient payment limitation allocations will be released for FY 2000. This query will not be distributed because:

- the nonpayment register identifies producers whose payment was not issued because the payment limitation has been reached
- CCC-478P includes the calculated annual PFC payment for the producer by farm and crop.

County Offices shall use these reports to request additional payment limitation allocations from the producer's control county.

Reminder: The pending payment register lists payments issued, along with payment reductions, for crops that are only partially paid because the producer reached the maximum payment limitation on that crop payment.

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6 Tools Available to Assist With PFC Payment Processing (Continued)

F

**Upload/
Download
Reports**

Many County Offices have expressed concerns that delays in the subsidiary upload/download process are preventing PFC payments from being issued. However, to date, very few actual problems in the upload/download process have been identified, and those involve unique situations.

The typical upload/download cycle can take anywhere from 7 days to 2 weeks. Every time an upload is queued and a download is received, a series of reports automatically print, providing subsidiary information. County Offices shall use these reports to identify potential problematic situations.

Example: Producer A participates in Counties A and B. In FY 2000, the producer notifies County C that he is operating FSN 100. County C updates the name and address, farm/tract, worksheet, and share files and has the producer sign CCC-478.

10 days later, County C receives a download report showing a \$20,000 payment limitation allocation in both Counties A and B with \$0 allocated to County C.

County C shall:

- immediately contact the control county to request that money be allocated to County C
- follow up on the request, and if necessary, contact the State Office for assistance, if the allocation is not received promptly
- **not** wait until they are ready to issue payments to a producer to notify the control county that a payment limitation allocation increase is needed.

See 2-PL for a full description of all the upload/download reports generated during start-of-day and end-of-day.

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6 Tools Available to Assist With PFC Payment Processing (Continued)

G

Summary of Reports

This table describes:

- reports available to County Offices to assist in PFC payment processing
- situations that may prevent a PFC payment from being issued.

Condition	CCC-478B/ CCC-478 Status Reports	Nonpayment Register	Pending Payment Register	Producer Payment Selection Reports	Subsidiary Upload/ Download Reports
COC payment approval date is not loaded in the system.	✓				
Producer has refused all program payments.		✓			
Producer has refused the PFC program payment for a particular farm.		✓			
Producer has been flagged as not eligible for payment because of a violation on another contract.	✓	✓			
Payments issued to the producer exceed the current calculated payment for the farm and crop.		✓			
None of the crop payment can be issued because the producer has reached payment limitation.		✓			✓
A portion of the crop payment has not been issued because the producer reached payment limitation.			✓		✓
The producer is ineligible because of the actively engaged determination.		✓			✓
The producer is ineligible because of the person determination.		✓			✓
The producer has not certified AD-1026.		✓			✓
The producer is not eligible because of conservation compliance.		✓			✓
The producer is not eligible because of a controlled substance violation.		✓			✓
The producer is not eligible because the crop insurance requirements have not been met.		✓			✓
Producer's payment has been reduced because of an FAV acre-for-acre payment reduction.			✓		
Producer has not elected to receive the FY 2000 PFC payment or the percentage option.	✓			✓	
Determine the month the producer has elected to receive the FY 2000 PFC payment and the percentage option selected.				✓	

7 SED Responsibilities

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Ensuring Payments Are Issued Timely

In previous years, County Offices were required to submit prepayment registers, with DD signatures and explanations, to the State Office to ensure that subsidiary files are updated timely. Even with these efforts, County Offices still indicated they were not able to get other County Offices to update subsidiary files.

SED's:

- are responsible for:
 - providing oversight and guidance on AMTA
 - ensuring that PFC payments are issued timely
- **shall take all steps necessary to ensure that FY 2000 final PFC payments are issued by September 30, 2000, to be in compliance with the statute.**

Recommendation: State Offices may want to review CCC-478B/CCC-478 Status Reports, pending payment registers, and nonpayment registers to ensure payments are processed timely.

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7 SED Responsibilities (Continued)

B

Authorized Payment Processing

The authorized payment process is not intended to be an alternative to the regular payment process. Since 1996, the number of authorization requests have declined; however, there are still a large number of cases being submitted to the National Office. County Offices are expected to issue **all** PFC payments by the September 30, 2000, statutory deadline. Exceptions to this provision apply to cases of:

- disputed shares
- pending bankruptcies and appeals.

Unfortunately, the vast majority of the cases being submitted for authorization codes are for the following types of cases:

- misaction/misinformation where producers did not meet program requirements because of County Office error or neglect
- County Office failure to update the system properly or timely
- County Office failure to update subsidiary files timely so that other County Offices receive the subsidiary download in time to issue PFC payments
- County Office failure to timely update CCC-478 after being notified by the producer of a change in the farming operation that necessitated revised shares or adding producers to the existing CCC-478
- County Offices canceling PFC payments that have been issued to the producer and negotiated that must be re-entered in the system for fiscal tracking purposes.

Requesting authorization codes is a time consuming process at all levels of the Agency. As a result, the resources dedicated to preparing and reviewing requests for authorization codes are prevented from completing other program priorities.

SED's shall take all steps necessary to ensure that FY 2000 final PFC payments are issued by the September 30, 2000, statutory deadline except for cases of disputed shares, pending bankruptcies, and appeals to alleviate the burden placed on County Offices, State Offices, and the National Office.
